



From Exit to Acquisition, Reviving an Assisted Living Memory Care Facility

One owner's exit is another owner's opportunity

When a portfolio sale creates opportunity for both the seller and buyer



SENIORS HOUSING & HEALTHCARE, \$3.1M Assisted Living Facility

THE BACKGROUND

Reimagining What's Next

While everyone has been yearning for a return to “normal,” our very definition of normal has changed and looks quite different today than it did yesterday. The pandemic forced a new normal and resulted in a collective reassessing of life’s priorities. From relocation and resignations to rebranding and retirement, everyone has personal criteria for determining what their new normal will represent.

This narrative is no different in seniors housing and senior living. Everyone from owners and operators to frontline staff was stretched thin during the pandemic. For owners and operators on the cusp of a planned retirement, it is understandable that some are ready to implement their succession plans and pursue their next chapter.

When an owner or an operator decides to turn over the reins to someone else, it creates an opportunity for both parties, as was the case with an assisted living facility in Lodi, California.

Value-Add Acquisition: A value-add involves a facility that may have poor occupancy and little cash flow at acquisition, but strong upside potential with a shorter timeline once the issues are addressed by the buyer (i.e., value-added to the facility or business model).

At Wilshire Finance Partners (Wilshire) we are in the business of financing opportunities, whether that’s to acquire a facility or to fulfill a succession strategy. We focus on providing bridge loans and capital strategies to finance strategic and value-add acquisitions in the \$1 million to \$10 million range, specifically when an acquisition may not meet traditional lending requirements.

First Lien Bridge

\$3,100,000



THE CHALLENGE

Ready for Retirement

A second-generation owner-operator with more than 20 years as administrator at this facility, was interested in expediting his succession plan as quickly as possible. It was clear that the pandemic had taken its toll and he was ready for retirement. In this case, the exit strategy required finding a new owner-operator to take the reins.

While the facility wasn't distressed, it fell into a status quo state for far too long. The facility had been simply surviving, rather than thriving. From the top down, everything about the community was stale. Without regular improvements and capital reinvested into the building, there was no room to adjust resident rates, so occupancy fell flat. Because of that, this storied facility became an afterthought in the marketplace, often overlooked for newer facilities and amenities nearby.

This scenario created an opportunity for Wilshire's client, who saw the potential and recognized that the facility would benefit from the infusion of a fresh perspective and a face lift. It was an opportunity to inject new life into a facility yearning for attention, while sprucing up the appearance and deploying fresh marketing and community relations activities.

Unit Count

73 units





THE SOLUTION

Infusion of Ideas, Capital & People

The infusion of capital, along with fresh ideas and new people was just what this assisted living community needed to position itself for success in the marketplace. The new management team, replete with experienced in-market team members, realized they could yield more from the existing footprint by reinvesting in the building and enhancing the memory care units. The owner-operator assembled the right team members for this acquisition, relying on experienced individuals who could ramp up marketing and referrals, while reengaging the broader community.

“The facility had been there so long it became an afterthought, and the previous owner-operator wasn’t interacting with the community or reinvesting in the building. The new management team looked at the opportunity and realized they could do this. They had a fresh set of eyes, more energy, and a plan for marketing,” Wilshire’s CEO Don Pelgrim said. “After rebranding, the business development team began engaging the local police and fire departments in various events, along with other community organizations to create visibility and deepen those community relationships that are so crucial to success,” Pelgrim continued, noting it was the team’s vision and energy that sealed the deal.

The business development team also re-established a neglected referral relationship with the neighboring skilled nursing facility, which created continuity of care benefits for current and future residents, as well as increased referrals to both facilities.

Wilshire’s fast financing within 30 days facilitated a \$3.1 million bridge loan with \$800,000 in reserves for capital improvements to spruce up the building. That refresh and rebrand included furniture, fixtures, equipment, flooring, painting, and reconfiguring a wall to enhance the memory care footprint.

THE IMPACT

Creative Capital & Growth

Wilshire’s sage guidance and entrepreneurial approach enabled a new owner-operator to enhance a stale assisted living memory care facility and breathe new life into it to achieve stabilization. Post-acquisition occupancy increased from 73% to 92%. The assisted living building was valued at \$4.9 million at acquisition and after stabilization the value is estimated at approximately \$12 million.

If you are an owner or operator that sees potential in the marketplace, you need a capital partner that can help make your vision a reality and creatively solve financing challenges. Wilshire is a leading private debt fund delivering capital solutions from \$1 million to \$10 million for seniors housing and healthcare real estate. As a boutique firm that combines institutional sophistication with an entrepreneurial edge, we’ve got you covered.

Let’s talk today about how Wilshire can help you achieve your goals.

Pre-Acquisition Occupancy

73%

Post-Acquisition Occupancy

92%



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